

# SunRice Update



February 2016 - Number 85

## **C15 Paddy Price Uplift for Riverina grown rice**

As a result of ongoing strong branded sales performance across domestic and global channels, and assuming that current trading conditions continue, SunRice anticipates the 2015 crop year (C15) paddy price for medium grain Reiziq will now be in the range of \$400-\$410 per tonne (an increase from \$385-405 per tonne).

See page 2 for the latest Paddy Pricing Indicators and page 3 for the Paddy Payment Schedule.

## **Capital Restructure vote delayed**

As we have previously communicated, notwithstanding the strong support from A and B Class shareholders for our proposed Capital Restructure, we have had to delay the March vote as the process of engaging with a range of stakeholders on our unique proposal is taking longer than expected. As soon as we can confirm a revised timeframe to complete this process, we will communicate the new Capital Restructure vote date to growers and shareholders. We are mindful some of our A Class Shareholders will be harvesting during April and will of course take this into account in developing the new timetable.

The Board remains firmly of the view that the Capital Restructure is in the best interests of both A and B Class Shareholders and SunRice, and we look forward to sharing the new vote date and other detail, including the Independent Expert's Report, which has been commissioned as part of the Capital Restructure Booklet.

We thank you for your understanding and will come back to you as soon as possible. In the meantime, I continue to be personally available to all growers and shareholders to answer your questions on the Capital Restructure and to

attend small group meetings. You can reach me at [larthur@sunrice.com.au](mailto:larthur@sunrice.com.au) or by calling (02) 6953-0404 or 0428 500 232. Information materials are also available on the SunRice website ([www.sunrice.com.au/corporate/investors](http://www.sunrice.com.au/corporate/investors)) or by phoning our Shareholder Information Line on 1800 020 806.

## **Riverina Milling reconfiguration**

As anticipated in the last Update, in late January, SunRice announced it would be reconfiguring Riverina milling and packaging operations in response to the significantly reduced Riverina rice crop anticipated in 2016. The decision to implement changes in operations followed an extensive review process.

The changes have been finalised and there will be a reduction of 38 staff across Riverina operations. We understand this has been a difficult and uncertain time for some of our staff and their families, and with this in mind we ensured the process was completed as soon as possible to provide staff with certainty. Our priority remains the welfare of our employees and we have done all we can to minimise job losses. All affected employees will have full availability to our Employee Assistance Program and outplacement services.

While difficult, the decision to reconfigure our Riverina milling operations was necessary to ensure an ongoing and sustainable business: a business into which we have invested \$86 million over the past three years to position it for the future when stronger crops return.

## **Rice Field Day to discuss smart farming**

The rice industry's premier research showcase, the Rice Field Day, is on again from 9am on Thursday, 3rd March at 'Old Coree', the Rice Research Australia PTY LTD (RRAPL) homestead

in Jerilderie. The focus of this year's Rice Field Day is 'smart farming across all seasons'.

The Field Day provides growers, industry and business professionals the opportunity to gather and share ideas on the future of the rice industry, and we encourage you all to attend to gain an insight into the latest in rice research.

The field program will feature management practices in a double cropping system, including new shorter season rice varieties and the impacts of winter crop herbicides on the following rice crop. There will be presentations from the NSW Department of Primary Industries research team, Deakin University and local growers, as well as an update from myself and CEO Rob Gordon highlighting SunRice's latest technologies and innovations.

To gain a true paddy to plate experience, SunRice brand ambassador, celebrity chef Poh Ling Yeow, will provide a cooking demonstration using SunRice products. Poh has been working with SunRice on a number of marketing activities recently and will provide an update on upcoming campaigns.

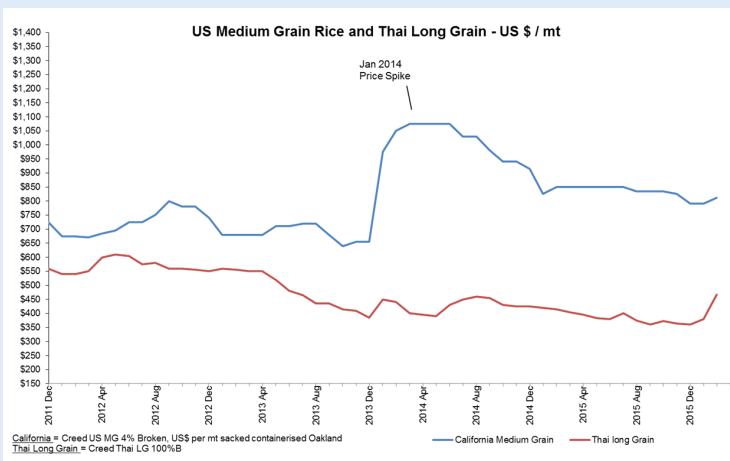
For more information contact Troy Mauger, Rice Extension Officer on 0417 375 168.

**Laurie Arthur**  
Chairman

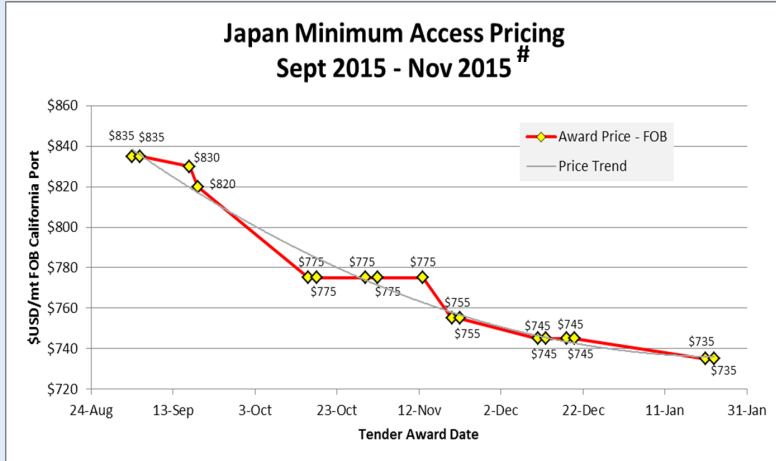


# Paddy Price Indicators

## Global Pricing – Medium Grain and Long Grain\*



\*Note: Selling prices listed are in U.S. dollars per tonne and for Finished Product tonnes (includes costs for milling and yield losses, packing, distribution and administrative charges).



# SunRice estimates

## Government tender markets\*#

### Medium Grain

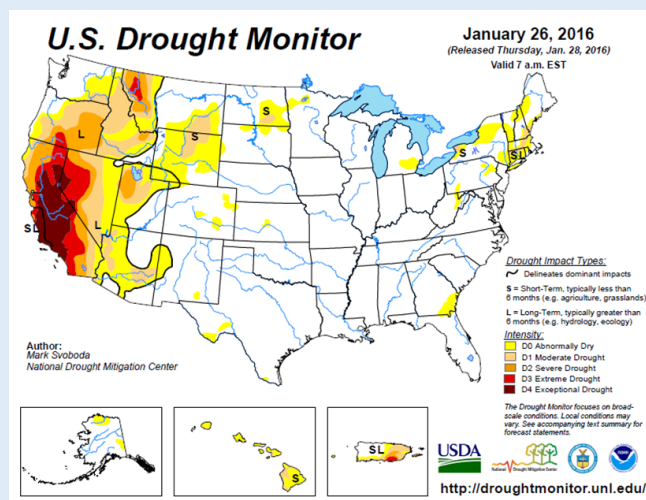
- Demand for Californian medium grain has been very slow.
- Combined U.S. short and medium grain carryover is 51% above last year at 20.2 million cwt (916,257 metric tons), the highest level since the 1987/88 marketing year, according to the United States Department of Agriculture.
- California continued to receive good rain and snowfall during January. Based on the rain and snow so far, analysts are forecasting a 10% increase in planting this year compared to last year.

- Japanese Ministry of Agriculture, Forestry and Fisheries' (MAFF) tenders to buy medium grain milled rice are the main game in town. Prices continue to come under pressure on the back of MAFF's strategy to spread shipping periods out to reduce milling pressure on rice mills. In the latest Minimum Access tender held 10 February, Californian prices were lower by US\$25 – 30 per metric ton.

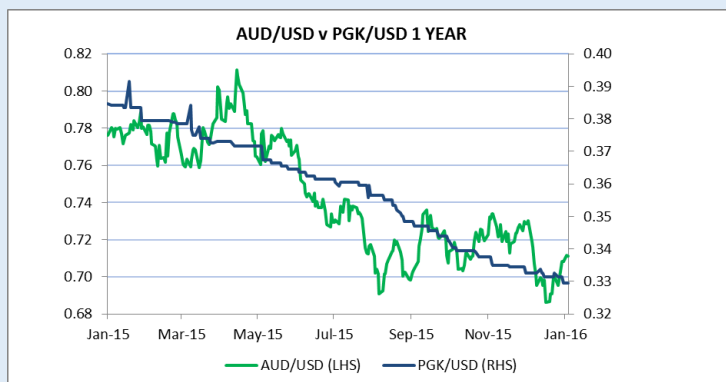
### California drought – key statistics

### Long Grain

- Vietnamese long grain prices have softened ahead of harvesting of the Winter-Spring crop commencing in February, at the same time exporters completed their shipments for Indonesia and the Philippines. In September Vietnam was awarded 450,000 metric tons of 25% broken long grain rice through a Philippines' National Food Authority tender. In October, Indonesia confirmed the purchase of 1 million metric tons of long grain rice from Vietnam.
- Thai long grain prices have firmed as a result of reduced availability of paddy ahead of harvest. At the start of February exporters purchased volumes from the local market to cover shipments to Indonesia and the Philippines. In September Thailand was awarded 300,000 metric tons of 25% broken long grain rice through a Philippines' National Food Authority tender. Early November, Indonesia agreed to purchase 500,000 metric tons from Thailand. The full volume is required to be delivered by March 2016.



## Foreign Exchange



Source: Bloomberg markets

- Favourable foreign exchange conditions continue with the low Australian Dollar benefitting international rice sales. The Kina (PGK) is highly likely to continue weakening versus the USD.

- California rainfall and snowpack totals continue to be encouraging, however the state remains in a water accumulated deficit/drought position.
- El Nino conditions have resulted in above average winter conditions as forecasted. Key reservoir levels rising however still below historical average storage account very low end of summer starting points.
- Early industry estimates for California new crop (planted in May 2016) indicate planted area could be up 10%, basis 2015.

## C2015 Payment Schedule (Traditional Pool \$/Tonne)

	Reiziq	Sherpa Illabong	Langi	Doongara	Opus	Topaz	Kyeema	Koshi	Organic Premium	Bio- Dynamic Premium
<b>1<sup>st</sup> payment</b> Harvest (paid)	210.00	198.00	243.00	234.00	240.00	276.00	282.00	288.00	90.00	90.00
<b>2nd payment</b> (paid)	52.00	49.00	58.00	57.00	58.00	65.00	66.00	68.00	40.00	40.00
<b>3rd payment</b> (23 February 2016)	35.00	34.00	39.00	38.00	39.00	43.00	44.00	45.00	40.00	40.00
<b>4th payment</b> (26 April 2016)	40.00	38.00	44.00	43.00	44.00	48.00	49.00	50.00	30.00	30.00
<b>5th payment</b> (24 May 2016)	25.00	24.00	28.00	27.00	27.00	30.00	31.00	31.00	40.00	40.00
<b>Final payment</b> (26 July 2016)	38.00	37.00	43.00	41.00	42.00	48.00	48.00	48.00		
<b>Total</b>	<b>400.00</b>	<b>380.00</b>	<b>455.00</b>	<b>440.00</b>	<b>450.00</b>	<b>510.00</b>	<b>520.00</b>	<b>530.00</b>	<b>240.00</b>	<b>240.00</b>

These estimates have been prepared using the information available at the time of publishing. Please be aware that the estimates could be affected by a number of factors, including prevailing market conditions, foreign exchange rates, crop quality and unforeseen events. Therefore the forecast payment schedule should be regarded as an estimate only and the final crop return will depend on the actual conditions that have prevailed throughout the entire crop year.

### SUNRICE BOARD OF DIRECTORS

Laurie Arthur (Chairman)  
Glen Andreazza  
John Bradford  
Rob Gordon  
Noel Graham

Gillian Kirkup  
Grant Latta  
Mark Robertson  
Leigh Vial

### CORPORATE MANAGEMENT TEAM

Chief Executive Officer : Rob Gordon  
Chief Financial Officer : John Brennan  
GM International Commodity : Milton Bazley  
GM People and Performance : Allison Salmon  
GM Grower Services & Agronomic Development : Tom Howard

Company Secretary : Mandy Del Gigante  
GM Operations : Simone Anderson  
GM Consumer Markets : David Keldie  
GM CopRice and AGS : TBA

